



# **Voluntary Flexible Agreement Operational Support**



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## **Design Document**

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## **1 INTRODUCTION**

### **1.1 PURPOSE**

The purpose of this task is to support the Voluntary Flexible Agreements (VFAs) that were introduced in Section 428A of the 1998 Amendments to the Higher Education Act of 1965. These amendments mandated the negotiation and implementation of VFAs with guaranty agencies (GAs) participating in the Federal Family Education Loan (FFEL) Program. These VFAs are intended to provide alternatives to the current GA financing model. This task supports the pilot VFAs that have been negotiated between the Department of Education (“the Department”) and the following GAs:

- Massachusetts Higher Education Assistance Corporation (American Student Assistance) (ASA)
- California Student Aid Commission
- Great Lakes Higher Education Guaranty Corporation
- Texas Guaranteed Student Loan Corporation.

This task involves automating the process used to collect claims and fee information from the GAs participating in the VFA program. In the current process, VFA participants manually send weekly claims projections and VFA fee information in spreadsheet form to the Student Financial Assistance (SFA) Financial Management Division via fax and e-mail. The process will automate the collection of this information via the development of new forms and database structures for SFA’s Financial Management System (FMS). These Web-based forms will allow VFA users to enter data directly into SFA FMS, rather than requiring SFA Financial Management personnel to transfer the data from the incoming spreadsheets to SFA FMS. The automated VFA process will enhance program integrity, increase cost efficiencies, and improve the availability and delivery of student financial aid.

The success of the pilot VFA program will determine if the VFA program will be expanded in the future. In September 2001, SFA representatives will produce a report on the initial progress and value of the VFA program. Members of Congress will review the report in order to gauge the new process and the status of the pilot VFA program.

### **1.2 SCOPE**

This task involves the development of application extensions to SFA FMS. This task applies only to the four pilot VFAs that have been reached between the Department and the GAs listed above.

### **1.3 BASIC BUSINESS NEEDS**

This task will provide the Department with the functionality necessary to meet the following business needs related to the four pilot VFAs:

- Provide GA users with the ability to enter weekly claims projections and/or monthly/quarterly/annual VFA fee components, as required by their particular VFA.
- Provide SFA users with the ability to process (accept, reject, etc.) the VFA reports submitted by GA users.



- Provide e-mail notifications to GA and SFA users of status changes to the VFA reports. Such changes include notification that a form has been submitted, rejected, etc., and that the Statement of Account has been generated for review after approval of an invoice.
- Provide reports to support performance monitoring and auditing of the VFA program. Since this is a pilot program, sufficient reporting must be provided to enable the Department to make informed decisions on the future of the VFA program.
- Provide data required for the congressional report on the VFA program due no later than September 30, 2001.
- Support the possible expansion of the VFA program, the early termination of a VFA, or the modification of any or all VFAs.

## 1.4 PROCESS OVERVIEW

Every week, GAs whose VFAs require them to submit weekly claims projections will enter and submit a GA VFA Weekly Report. GAs will also enter data related to their VFA fee on a monthly, quarterly, or annual basis (as specified in their particular VFA) by submitting a GA VFA

Monthly/Quarterly/Annual Fee Report. The schedule of submissions required by the VFAs is shown below:

GA Name	GA Code	Submit GA VFA Weekly Report?	Frequency of Submitting GA VFA Monthly/Quarterly/Annual Fee Report
ASA	725	Yes	Monthly
California	706	No	Annually
Great Lakes	755	Yes	Quarterly
Texas	748	Yes	Monthly, Annually

When a GA submits either of the new VFA reports, the system sends an e-mail notification of the submission to both the GA and SFA.

Upon receiving the e-mail, SFA Financial Management users review the VFA report online via SFA FMS and decide whether to accept or reject the VFA report. If accepted, the system loads the report data into SFA FMS' Accounts Payable (AP) and General Ledger (GL) modules. Amounts owed to the GA by the Department will be recorded as an invoice in AP. After reconciliation, amounts owed to the Department by the GA will be recorded as a credit memo and applied against future payments from the Department to the GA.

After the AP module generates an invoice, SFA Financial Management reviews and approves the invoice. When the invoice is approved for payment, SFA FMS creates a Statement of Account and sends an e-mail notification to both the GA and SFA that the Statement Of Account is available.

### 1.4.1 Effect on Form 2000 Submission Process (For VFA Participants Only)

GAs participating in the VFA program will continue to submit monthly reports for the FFEL loan program online using Form 2000. Form 2000 is submitted every month and contains actual claims data for the month just completed.



As part of this task, the Statement of Account will be updated to reflect the weekly payments made to GAs that submit a GA VFA Weekly Report. Consequently, when the GA enters monthly actuals on Form 2000, the system will reconcile the monthly payment due the GA according to Form 2000 with the weekly payments already made to the GA on the GA VFA Weekly Reports. The invoice generated after SFA Financial Management accepts Form 2000 will thus reflect weekly payments submitted via the GA VFA Weekly Report as well as monthly claims data submitted via Form 2000.

## 1.5 REFERENCES

The following documents were used in the development of this design document:

1. SFA FMS Guaranty Agency Guide
2. FFEL-GA Financial Partners User Guide
3. SFA FMS Functional Design for FFEL GA Reporting Application Extensions
4. SFA FMS Phase III Technical Architecture Design
5. SFA FMS Account Treatment
6. SFA FMS Account Mapping
7. Task Order 74 Technical Proposal: VFA Operational Support
8. VFA Operational Support Business Case
9. VFA Between the United States Department of Education and Texas Guaranteed Student Loan Corporation: <http://sfa-vfa.ed.gov/pdf/TexasFinalAgreement.pdf>
10. VFA Between the United States Department of Education and Great Lakes Higher Education Guaranty Corporation: <http://sfa-vfa.ed.gov/pdf/Greatlakesfinal.pdf>
11. VFA Between the United States Department of Education and The Massachusetts Higher Education Assistance Corporation (d/b/a American Student Assistance): <http://sfa-vfa.ed.gov/pdf/ASAFinalAgreement.pdf>
12. VFA Between the United States Department of Education and California Student Aid Commission: <http://sfa-vfa.ed.gov/pdf/CAFinalAgreement.pdf>
13. Hardcopy invoices submitted by GAs as part of the current VFA process.



## 2 BUSINESS AND ACCOUNTING RULES

The VFAs between the Department and the aforementioned GAs describe the payment of VFA fees in accordance with specific legal terms outlined for each VFA. The following sections identify the business rules extracted from each agreement. Also, the Department has provided a corresponding set of accounting rules that are referred to below. Finally, this section contains tables identifying reasonability criteria that will be applied to the VFA reports.

### 2.1 SHARED RULES

Rules regarding weekly fee collections are standard across multiple VFA agreements. These shared business rules are referred to below for the weekly claims submitted by ASA, Great Lakes and Texas. Also, accounting rules have been established that are standard for all four VFAs and are referred to below.

#### 2.1.1 Business Rules

Three of the four GAs participating in the pilot VFA program (the exception being California) submit weekly reports for payments of anticipated claims. Since the detail claims on the weekly reports are identical, these three GAs will submit an identical GA VFA Weekly Report.

- The GA VFA Weekly Report includes the following seven claims payments:
  - Defaults (SR-1-A)
  - Exempt/Lender of Last Resort (SR-1-B)
  - Death/Disability (SR-1-C)
  - Closed Schools/False Certifications (SR-1-D)
  - Bankruptcy (SR-1-E)
  - Unpaid Refunds (SR-1-F)
  - Discharges (SR-1-G).
- Additionally, the GA VFA Weekly Report includes a system-calculated total of all weekly claims payments entered:
  - $\text{Claims Paid (SR-1)} = \text{SR-1-A} + \text{SR-1-B} + \dots \text{SR-1-G}$

#### 2.1.2 Accounting Rules

Accounting rules have been established for each field on the VFA reports. The accounting code categories collected for each field are the same for all four VFAs, and across all timeframes of collection, whether weekly, monthly, quarterly or annually. The Account Code Classification Structure (ACCS) codes pertaining to each VFA fee component are specified in Appendix B, "VFA Field Accounting Rules." The accounting code categories collected for each field are shown on the following page:



<b>SFA FMS ACCOUNTING CODE CATEGORIES</b>	
<b>Accounting Code Category</b>	<b>Example</b>
Fund Code	4251XNY
Category	B
Budget Fiscal Year	01
Account	218000
Organization	ENJB0000
Limitation	BVF
Object Class	4103M
Activity	000
CFDA (Catalog of Federal Domestic Assistance)	032
Cohort Year	01
Sector	N
Source Code	GV
Cost Code	LRD0
Institution	GA
Loan / Grant Type	00
Destination	AP / GL

For further information regarding the accounting rules in place for SFA FMS, refer to the SFA FMS Accounting Treatment document mentioned in Section 1.5, “References.”

### **2.1.3 Reasonability Logic**

Reasonability logic will be applied to certain fields on the reports where possible, based on available data. The specific reasonability logic is listed below for each GA. See Appendix C, “VFA Data Field Definitions” for a listing of all reasonability logic that will be used.

## **2.2 ASA**

### **2.2.1 Business Rules**

Based on the terms of the ASA VFA, the following business rules have been established:

#### **2.2.1.1 Weekly Fee Calculation**

ASA’s claims payments are user-entered weekly as stated in Section 2.1, “Shared Rules.”

#### **2.2.1.2 Monthly Fee Calculation**

The monthly fee calculation for ASA is referred to as the Net Fee Due GA (item number 725-SR-2). This field is system-calculated monthly as the sum of three monthly user-entered fields: The Portfolio Wellness Fee (725-SR-2-A), the Loan Processing and Issuance Fee (LPIF) (725-SR-2-B), and the Consolidation Fee For Averting Default (725-SR-2-C). The rules behind the calculation of the fields





entered by the GA user are listed in detail below, as extrapolated from the VFA agreement. A link to the official agreement can be found in Section 1.5, “References.” Net Fee Due GA is calculated as:

$$\text{ASA Net Fee Due GA} = \text{Portfolio Wellness Fee} + \text{LPIF} + \text{Consolidation Fee for Averting Default}$$

## 2.2.1.2.1 Portfolio Wellness Fee

The Portfolio Wellness Fee is user-entered monthly. It consists of three components, the Baseline Fee, the Variable Fee, and the Annual Incentive:

### 1. Baseline Fee

The first component is a Baseline Fee that is calculated monthly by ASA, based on the original principal balance of loans in good standing, at a rate of 0.022% of the value per annum. The designation of loans in good standing is determined by ASA as follows:

- The loan has not been paid in full.
- The loan is not in default status.
- The loan has not been forgiven as a result of death or permanent disability.
- A lender has not submitted the loan for default aversion assistance.

### 2. Variable Fee

The second component is a Variable Fee that is calculated annually by ASA and reported monthly. The Variable Fee in the first year of the VFA is based on the Baseline Trigger Index. The Baseline Trigger Index is calculated as a percentage as follows:

$$\text{Baseline Trigger Index} = \text{ASA Trigger Rate} / \text{National Trigger Rate}$$

### 3. Annual Incentive

In subsequent years, the trigger index will be re-calculated annually as the ASA Annual Trigger Index, and will be compared against the first-year baseline trigger index. For each 1% improvement in subsequent years to the first-year index, the Portfolio Wellness Fee will increase by 0.25 basis points.

## 2.2.1.2.2 Loan Processing and Issuance Fee (LPIF)

The LPIF is user-entered monthly. It is calculated by ASA in accordance with Section 428(f) of the HEA and 34 C.F.R. Section 682.404(j). The first two monthly submissions of LPIF in the quarter will be estimates, and the third will be reconciled against the quarterly LPIF payment received from NSLDS.

## 2.2.1.2.3 Consolidation Fee For Averting Default

The Consolidation Fee for Averting Default is user-entered monthly. ASA receives 18.5% of the collection charges and late fees on defaulted or rehabilitated FFEL loans.

## 2.2.2 Accounting Rules

See Appendix B, “VFA Field Accounting Rules,” for the accounting rules that have been established for each field on the ASA GA VFA Monthly/Quarterly/Annual Fee Report.



### 2.2.3 Reasonability Logic

Reasonability logic will be applied to the user-entered fields on the ASA GA VFA Monthly/Quarterly/Annual Fee Report where possible, as shown in the following table. For more information, see Appendix C, "VFA Data Field Definitions."

ASA MONTHLY REASONABILITY LOGIC		
	FIELD	REASONABILITY LOGIC
725-SR-2	Net Fee Due GA	= 725-SR-2-A + 725-SR-2-B + 725-SR-2-C
725-SR-2-A	Portfolio Wellness Fee	Portfolio Wellness Fee < (Previous fiscal year-end Original Principal Balance of Open Loans from NSLDS) / 12
725-SR-2-B	LPIF	None
725-SR-2-C	Consolidation Fee for Averting Default	None

## 2.3 CALIFORNIA

### 2.3.1 Business Rules

Based on the terms of the California VFA, the following business rules have been established:

#### 2.3.1.1 Annual Fee Calculation

The Net Fee Due GA (706-SR-4) is system-calculated annually based on user-entered values for the Default Aversion Fee (706-SR-4-A) and the Collection Recovery Rate Improvement Fee (706-SR-4-B). The rules behind the calculation of the fields entered by the GA user are listed in detail below, as extrapolated from the VFA agreement. A link to the official agreement can be found in Section 1.5, "References." Net Fee Due GA is calculated as:

$$\text{California Net Fee Due GA} = \text{Default Aversion Fee} + \text{Collection Recovery Rate Improvement Fee}$$

##### 2.3.1.1.1 Default Aversion Fee

The Default Aversion Fee (706-SR-4-A) is user-entered annually. It is calculated as 50% of the savings in claim payments resulting from default aversion activities. Savings in claim payments are equal to:

$$\text{Savings in Claim Payments} = \text{California Actual Annual Default Rate} - 3.0\%$$

California's Actual Annual Default Rate is calculated by the following:

$$\frac{\text{Total dollars paid in default claims for the fiscal year}}{\text{DIVIDED BY}} \frac{\text{Total dollars in loans in repayment at the end of the prior fiscal year}}$$



**2.3.1.1.2 Collection Recovery Rate Improvement Fee**

The Collection Recovery Rate Improvement Fee (706-SR-4-B) is user-entered annually. The fee is calculated by California based on their collection recovery rate as compared to the national average. The Collection Recovery Rate is calculated as:

$$\frac{\text{Total principal and interest collected on default loans in the fiscal year}}{\text{DIVIDED BY}} \frac{\text{Total principal and interest available for collection at end of the prior fiscal year}}$$

Additionally, California will not be entitled to a Collection Recovery Rate Improvement Fee unless their Collection Recovery Rate exceeds the national average.

**2.3.2 Accounting Rules**

See Appendix B, "VFA Field Accounting Rules," for the accounting rules that have been established for each field on the California GA VFA Monthly/Quarterly/Annual Fee Report.

**2.3.3 Reasonability Logic**

There will be no reasonability logic applied to the user-entered fields on the California GA VFA Monthly/Quarterly/Annual Fee Report. For more information, see Appendix C, "VFA Data Field Definitions."

**2.4 GREAT LAKES**

**2.4.1 Business Rules**

Based on the Great Lakes VFA, the following business rules have been established:

**2.4.1.1 Weekly Fee Calculation**

Great Lakes' claims payments are user-entered weekly as stated in Section 2.1, "Shared Rules."

**2.4.1.2 Quarterly Fee Calculation**

The quarterly fee calculation for Great Lakes is referred to as the Net Fee Due GA (755-SR-3). This field is system-calculated quarterly as the sum of two quarterly user-entered fields, the Performance-Based Fee Due for the Quarter (755-SR-3-A) and Net Collection Costs (755-SR-3-B), less the Account Maintenance Fee (AMF) (755-SR-3-C) and GA Retention (755-SR-3-D). The rules behind the calculation of the fields entered by the GA user are listed in detail below, as extrapolated from the VFA agreement. A link to the official agreement can be found in Section 1.5, "References." Net Fee Due GA is calculated as:

$$\text{Great Lakes Net Fee Due GA} = \text{Performance-Based Fee for the Quarter} + \text{Net Collection Costs} - \text{AMF} - \text{GA Retention}$$

**2.4.1.2.1 Performance Based Fee For the Quarter**

Performance-Based Fee for the Quarter will be user-entered quarterly. It is calculated as follows:

$$\text{Performance-Based Fee for the Quarter} = \text{Original Principal Balance of Open Loans} * \text{PBF} / 4$$



## 1. Original Principal Balance of Open Loans

The Original Principal Balance of Open Loans is an annual calculation. It is calculated as follows:

$$\text{Original Principal Balance of Open Loans} = \text{Amount of Guarantee} - \text{Amount of Cancellation}$$

## 2. PBF

The PBF is to be paid as a sum of LPIF, AMF and Default Aversion Fee. The Great Lakes VFA contains a table that describes the components of this calculation. The PBF is to be not less than 25.9 basis points and not more than 31.9 basis points. It is calculated as follows:

$$\text{PBF} = \text{LPIF} + \text{AMF} + \text{Default Aversion Fee}$$

- The value of the LPIF remains constant at 0.065%.
- The value of the AMF remains constant at 0.100%.
- The Default Aversion Fee varies from 0.094 to 0.154%, based solely on the cure rate, as shown in the following table:

Cure Rate	Default Aversion Fee
0.259%	0.094%
0.264%	0.099%
0.269%	0.104%
0.274%	0.109%
0.279%	0.114%
0.284%	0.119%
0.289%	0.124%
0.294%	0.129%
0.299%	0.134%
0.304%	0.139%
0.309%	0.144%
0.314%	0.149%
0.319%	0.154%

- The Cure Rate, which determines the Default Aversion Fee, is calculated quarterly as follows:

$$\text{Number of cures secured} \quad \text{DIVIDED BY} \quad \text{Sum of cures and defaults}$$

### 2.4.1.2.2 Net Collection Costs

The Net Collection Costs field is system-calculated quarterly based on two user-entered fields. It is calculated as follows:

$$\text{Net Collection Costs} = \text{Other Collection Revenues} - \text{Collection Costs}$$



## 1. Other Collection Revenues

Other Collection Revenues are user-entered quarterly, and are equal to all collection recoveries secured by Great Lakes and/or its agents.

## 2. Collection Costs

Collection Costs are user-entered quarterly, and are equal to Great Lakes' actual external and internal post-default collection costs associated with recoveries.

### 2.4.1.2.3 AMF

AMF is system-populated quarterly. AMF (755-SR-3-C) is to be subtracted from the Net Fee Due GA, as it is already included in the Performance-Based Fee calculation described above. AMF will be retrieved from the quarterly AMF invoice paid by SFA to Great Lakes. The amount of this invoice is stored in FMS.

### 2.4.1.2.4 GA Retention

GA Retention (755-SR-3-D) is system-populated quarterly, and will be subtracted from the Net Fee Due GA. It is based on the following calculation:

$$\begin{aligned}
 \text{GA Retention} = & \\
 & \text{Rehabilitated Loans (Principal) (MR-10)} \\
 & - \\
 & \text{Rehabilitated Loans--GA Retention (Principal, Interest and Other Amounts) (MR-10-A)} \\
 & + \\
 & \text{FFEL Consolidation--GA Retention (Principal, Interest and Other Amounts) (MR-11-B)} \\
 & + \\
 & \text{Administrative Wage Garnishment--GA Retention (Principal, Interest and Other Amounts) (MR-12-B)} \\
 & + \\
 & \text{Default Collections--GA Retention (Principal, Interest and Other Amounts) (MR-13-B)}
 \end{aligned}$$

GA Retention will be retrieved from the three Form 2000 Monthly Reports that are submitted by Great Lakes for the quarter.

### 2.4.1.3 Quarterly Fee Submission

The system will retrieve Great Lakes' quarterly AMF and GA Retention payments from the three Form 2000 Monthly Reports that are submitted by Great Lakes for the quarter. Consequently, the system will prevent the submission of the Great Lakes VFA Monthly/Quarterly/Annual VFA Fee Report until SFA Financial Management accepts all three of Great Lakes' Form 2000 Monthly Reports for the quarter.

## 2.4.2 Accounting Rules

See Appendix B, "VFA Field Accounting Rules," for the accounting rules that have been established for each field on the Great Lakes GA VFA Monthly/Quarterly/Annual Fee Report.



### 2.4.3 Reasonability Logic

There will be no reasonability logic applied to the user-entered fields on the Great Lakes GA VFA Monthly/Quarterly/Annual Fee Report. For more information, see Appendix C, "VFA Data Field Definitions."

## 2.5 TEXAS

### 2.5.1 Business Rules

Based on the terms of the Texas VFA, the following business rules have been established:

#### 2.5.1.1 Weekly Fee Calculation

Texas' claims payments are user-entered weekly as stated in Section 2.1, "Shared Rules."

#### 2.5.1.2 Monthly Fee Calculation

The monthly fee calculation for Texas is referred to as the Net Fee Due GA (748-SR-2). This field system-calculated monthly as the sum of two monthly user-entered fields: The Delinquency Prevention Fee (748-SR-2-A) and Default Aversion Fee (748-SR-2-B). The rules behind the calculation of the fields entered by the GA user are listed in detail below, as extrapolated from the VFA agreement. A link to the official agreement can be found in Section 1.5, "References." Net Fee Due GA is calculated as:

$$\text{Texas Net Fee Due GA} = \text{Delinquency Prevention Fee} + \text{Default Aversion Fee}$$

##### 2.5.1.2.1 Delinquency Prevention Fee

The Delinquency Prevention Fee is calculated monthly by Texas according to the following business rules, and entered on the report as field 748-SR-2-A. It is calculated as follows:

$$\frac{\text{Annual Cumulative Default Aversion Rate}}{\text{DIVIDED BY}} \frac{\text{Prior Federal Fiscal Year End Loans in Repayment}}$$

- This quotient is realized to a fee according to the following table:

Quotient	Fee
30% and above	0.05%
29-29.99%	0.08%
28-28.99%	0.10%
0-27.99%	0.12%

- This Fee is to remain within a range of 0.05% - 0.12% of the dollar amount of loans in repayment which have not received a default aversion request.

##### 2.5.1.2.2 Default Aversion Fee

The Default Aversion Fee is calculated monthly by Texas according to the following business rules, and entered on the report as field 748-SR-2-B. The Default Aversion Fee is based on a base fee of 1.25% of



the Default Aversion Rate principal and interest in a month. The fee is incremental based on performance, as measured by the Cure Rate.

- The Cure Rate is calculated as:

$$\frac{\text{Dollar amount of DARs with no default claimed, plus any claim recalls}}{\text{DIVIDED BY}} \frac{\text{Original total dollar amount for DARs for that respective month}}$$

- The fee is to remain within 1.25% and 4.00% of the Default Aversion Rate Principal and Interest according to the following table:

Cure Rate	Fee
0-87.99%	1.25%
88.00-88.99%	2.00%
89.00-89.99%	2.50%
90.00-91.99%	3.00%
92.00% and up	4.00%

#### 2.5.1.3 Annual Fee Calculation

The annual fee calculation for Texas is referred to as the Collections Fee (748-SR-4). This field is system-calculated annually based on a user-entered value for the Performance Adjustment (Net Back) amount. The amount entered by Texas is calculated as:

$$\text{Performance Adjustment Net Back} = \text{Fee on Regular Collections} + \text{Fee on Rehabilitated or Consolidated Collections}$$

These fees are based on the rate at which Texas recovers on its default loan portfolio, also referred to as the Recovery Rate. The Recovery Rate is calculated as:

$$\begin{aligned} &\text{Recovery Rate} = \\ &\quad \begin{aligned} &[ \text{Rehabilitated Loans (MR-10-A)} \\ &\quad + \\ &\quad \text{FFEL Consolidation Principal and Interest (MR-11)} \\ &\quad + \\ &\quad \text{Administrative Wage Garnishment (AWG) Total Collected (MR-12-A)} \\ &\quad + \\ &\quad \text{Default Collections--Total Collected (MR-13-A)} \\ &\quad + \\ &\quad \text{Treasury Offset (MR-17)} \\ &\quad + \\ &\quad \text{Treasury Offset Reversals (MR-19)} \\ &\quad + \\ &\quad \text{Default FFEL Consolidation by Direct Loan (MR-27) } \end{aligned} \\ &\quad \text{DIVIDED BY} \\ &\quad \begin{aligned} &\text{Beginning of the year default portfolio} \\ &\text{(Sum of prior federal fiscal year-end Aged Default Receivables)} \end{aligned} \end{aligned}$$





The Fee on Regular Collections and Fee on Rehabilitated or Consolidated Collections are then retrieved from the following table based on the Recovery Rate:

<b>Recovery Rate</b>	<b>Fee on Regular Collections</b>	<b>Fee on Rehabilitated or Consolidated Collections</b>
0-21.99%	19.5%	18.5%
22-22.99%	20.5%	19.0%
23-23.99%	21.5%	19.5%
24% and above	23.0%	20.0%

### **2.5.2 Accounting Rules**

See Appendix B, “VFA Field Accounting Rules,” for the accounting rules that have been established for each field on the Texas GA VFA Monthly/Quarterly/Annual Fee Report.

### **2.5.3 Reasonability Logic**

There will be no reasonability logic applied to the monthly section of the Texas GA VFA Monthly/Quarterly/Annual Fee Report. Reasonability logic will be applied to the annual section of the report, as shown in the following table. For more information, see Appendix C, “VFA Data Field Definitions.”

<b>TEXAS ANNUAL REASONABILITY LOGIC</b>		
<b>FIELD</b>	<b>REASONABILITY LOGIC</b>	
<b>748-SR-4</b>	Collections Fee	<ol style="list-style-type: none"> <li>1. Get Recovery Rate = (Sum of Form 2000 fields MR-12 + MR-13 for the year) / AR-8.</li> <li>2. Get Fee on Regular Collections based on Recovery Rate from table in Section 2.5.1.3.</li> <li>3. Get Fee on Rehabilitated or Consolidated Collections based on Recovery Rate from table in Section 2.5.1.3.</li> <li>4. Get dollar amount of annual regular collections from Form 2000 fields MR-12-A + MR-13-A.</li> <li>5. Get dollar amount of annual rehabilitated or consolidated collections from Form 2000 fields MR-10-A + MR-11 (principal and interest) + MR-27.</li> <li>6. Calculate annual collections fee according to the following: (Fee on regular collections * dollar amount of annual regular collections) + (Fee on rehabilitated or consolidated collections * dollar amount of annual rehabilitated or consolidated collections).</li> </ol>





## 2.6 ASSUMPTIONS

### ***2.6.1 Processing Assumptions***

- The complete payment process that is executed after a VFA report is accepted remains unchanged from the current Form 2000 payment process (with the exception of the data exchange interface between the VFA reports and AP/GL).
- Current SFA FMS (Oracle) functionality that is provided for Form 2000 will also be provided for the automated VFA process. (For example: searching for reports, printing reports, querying for data items, etc.)
- The NSLDS to SFA FMS interface that is currently in place for Form 2000 processing will be available for the automated VFA process.

### ***2.6.2 Technical Assumptions***

- All entry fields will be pre-populated to 0.00.
- All entry fields will be right justified.
- All fields will allow only non-negative values.
- No fields will accept a null value.
- The system will automatically format numeric entries for payments as currencies, adding decimal points, and commas where appropriate.

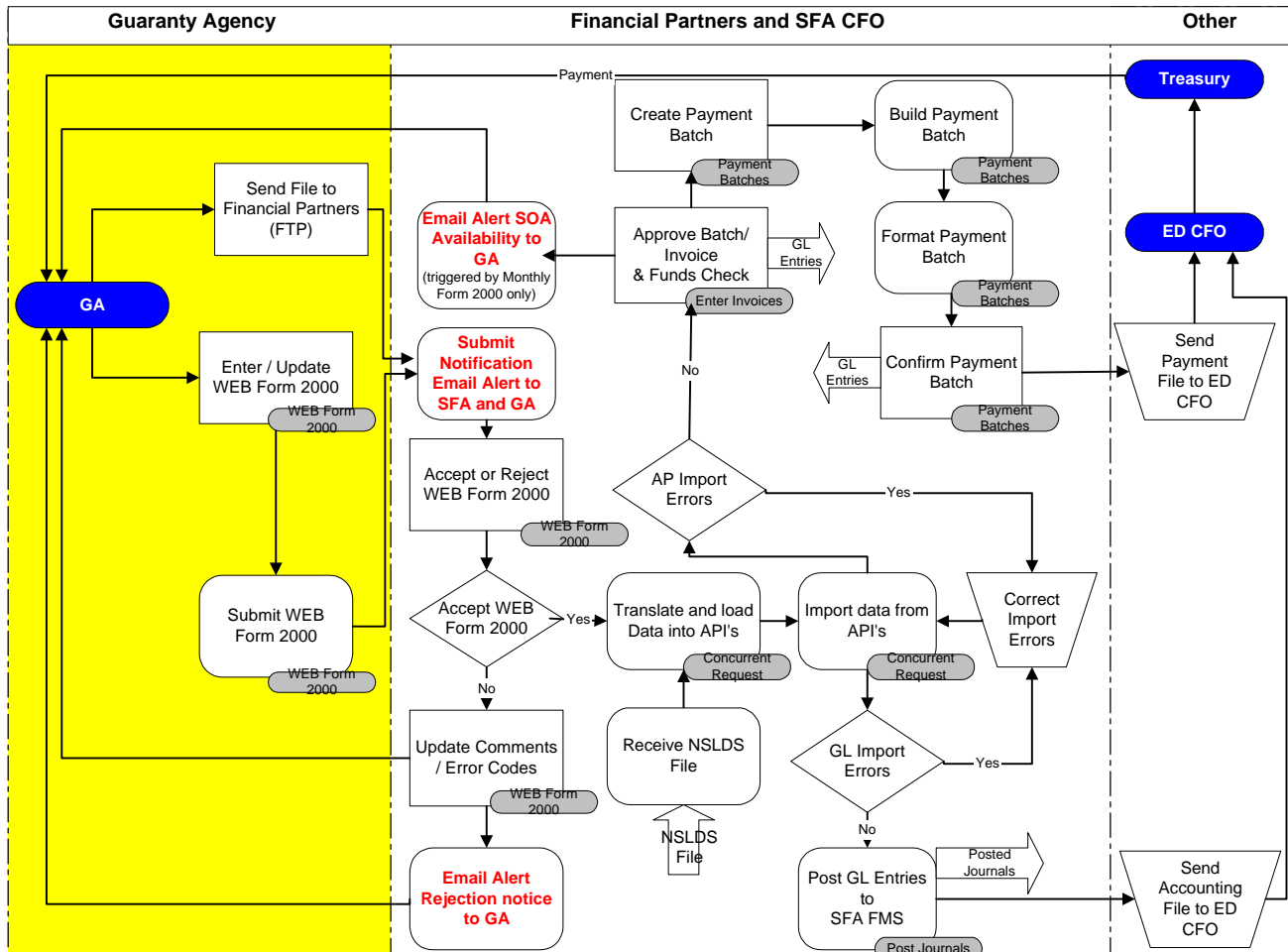


### 3 PROCESS DESIGNS

#### 3.1 GA PAYMENT PROCESS

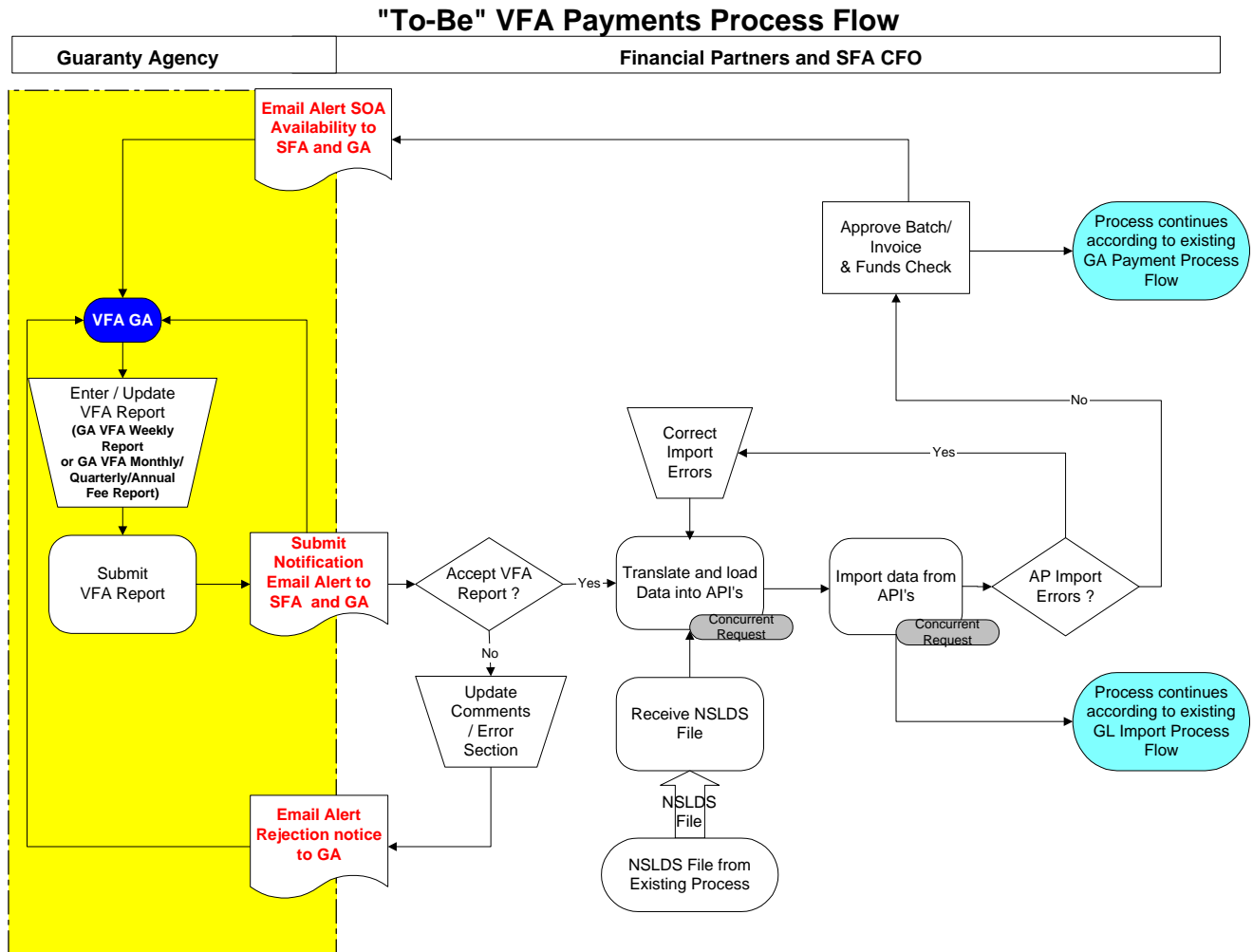
The GA payment process is used to make payments to GAs for claims entered online via SFA FMS Form 2000. The following figure shows the current GA payment process:

**"As-Is" GA Payments Process Flow**



### 3.2 VFA PAYMENT PROCESS

The automated VFA process is based on the current GA Payment Process, as shown below:



### 3.3 GA USER PROCESSES

#### **3.3.1 SFA FMS Login Process**

The system currently maps the entered user name to a GA, and displays the GA Code and GA Name fields on Form 2000. As a result of the automated VFA process, new entries will be added to the Navigator Window that contains the list of forms that can be entered. GA users participating in the VFA program will see new entries for the “GA VFA Weekly Report” and the “GA VFA Monthly/Quarterly/Annual Fee Report.”

The following new roles will be created for GA users participating in the VFA program:

- SFA GA VFA User
- SFA GA VFA Manager.

GA users with an SFA GA User or SFA GA Manager role will not see entries for the new VFA reports in their Navigator Window.

#### **3.3.2 VFA Form Entry Process**

- Step 1. Log in to SFA FMS as done currently for Form 2000. The system will display the Navigator Window that will include entries called “GA VFA Weekly Report” and “GA VFA Monthly/Quarterly/Annual Fee Report.”
- Step 2. From the Navigator Window, select the type of VFA form to be processed. The system displays a blank form of the selected type. The “Status” field is set to “New.” The “GA Code” and “GA Name” fields are populated based on the user name and password entered at on the Login screen. Any fields that can be retrieved from SFA FMS will also be pre-populated.
- Step 3. Enter the required date in the form header. Based on the type of form and the GA, this will be a “Week Ending”, “Month Ending”, “Quarter Ending”, or “Year Ending” entry field.
- Step 4. Optionally, enter any relevant comments in the “GA Comments” field.
- Step 5. Enter values for the remaining entry fields on the form. The system will automatically format the entries as currencies where appropriate.

#### **3.3.3 VFA Form Submission Process**

- Step 1. After entering values for all entry fields on the form, press the “Submit” button to submit the form to SFA. The system will perform reasonability edits on the data entered in the form where possible. If any of the entered data fails reasonability edits, the system will display a Caution message indicating the fields in violation.



Step 2. If a Caution message is displayed, press the “Cancel” button to redisplay the form and edit the data without submitting [Go to Step 3 of the VFA Form Entry Process above]. Otherwise, press the “OK” button to ignore the reasonability edits and submit the form to SFA. The system will redisplay the form with the “Status” field set to “Submitted.” The system will send an e-mail notification of the submission to both the GA and the SFA Financial Management common mailbox.

### **3.3.4 Form 2000 Submission Process (Modified For VFA Participants Only)**

The Form 2000 submission process will be modified to add a Caution message indicating that, once the Form 2000 is submitted, no further GA VFA Weekly Reports can be submitted for the same month. This message will be displayed only to GA users who are participating in the VFA program.

- Step 1. After entering values for all entry fields on the form, press the “Submit” button to submit the form to SFA. The system will display a new Caution message indicating that, once the Form 2000 is submitted, no further GA VFA Weekly Reports can be submitted for the same month.
- Step 2. Press the “Cancel” button to redisplay the form without submitting. Otherwise, press the “OK” button to verify that no further GA VFA Weekly Reports will be submitted for the same month. The system will perform reasonability edits on the data entered in the form, and the process will continue as described in Step 1 of the VFA Form Submission Process above.

## **3.4 SFA USER PROCESSES**

### **3.4.1 VFA Form Acceptance Process**

- Step 1. Log in to SFA FMS as done currently for Form 2000. The system will display the SFA Financial Partner Manager Navigator Window that will include entries called “GA VFA Weekly Report” and “GA VFA Monthly/Quarterly/Annual Fee Report.”
- Step 2. From the Navigator Window, select the type of VFA report to be processed. The system will display all reports of the selected type in ascending order by GA Code, with reports for each particular GA Code in reverse chronological order by fiscal year.
- Step 3. Use the arrow keys to select a particular report to review and press Enter. The system will display the selected VFA form.
- Step 4. Review the data in the form, then press the “Accept” button. The system will perform reasonability edits and display a Caution message if any of the entered data fails the reasonability edits.
- Step 5. If a Caution message is displayed, press the “Cancel” button to redisplay the form and continue reviewing the data [Go to Step 4 of the VFA Form Acceptance Process]. Otherwise, press the “OK” button to ignore the reasonability edits and continue accepting the report. The system will display a Note message indicating that the report is being loaded into SFA FMS’ AP and GL modules.



**3.4.2 VFA Form Rejection Process**

- Step 1. Log in to SFA FMS as done currently for Form 2000. The system will display the Navigator Window that will include entries for “GA VFA Weekly Report” and “GA VFA Monthly/Quarterly/Annual Fee Report.”
- Step 2. From the Navigator Window, select the type of VFA form to be processed. The system displays all reports of the selected type in ascending order by GA Code, with reports for each particular GA Code in reverse chronological order by fiscal year.
- Step 3. Use the arrow keys to select a particular report to review and press Enter. The system displays the selected VFA report.
- Step 4. Review the data in the form, enter the reason for the rejection in the “ED Comments” field, and press the “Reject” button. The system will redisplay the form with the “Status” field set to “Rejected” and send an e-mail notifying the GA that the form has been rejected.

**3.4.3 Form 2000 Monthly Report Acceptance Process (Modified For VFA Participants Only)**

The Form 2000 acceptance process will be enhanced to add a Caution message indicating the number of GA VFA Weekly Reports that have been submitted by the GA for a month. This message will be displayed only when accepting Form 2000 GA Monthly Reports submitted by GA users participating in the VFA program.

- Step 1. After reviewing the data in the form, press the “Accept” button. The system will display a Caution message indicating the number of GA VFA Weekly Reports that have been submitted by the GA for the month.
- Step 2. Press the “Cancel” button to redisplay the form without accepting. Otherwise, press the “OK” button to accept the report. The system will perform reasonability edits on the data entered in the form, and the process will continue as described in Step 4 of the VFA Form Acceptance Process.



## **4 SCREEN DESIGNS**

This section contains prototype designs for the screens that will be developed to support the automated VFA process. The content of the forms has been derived from the business rules provided in each VFA, and is based on current form designs from SFA FMS. For detailed requirements on the content of each form, see Appendix A, “VFA Requirements Matrix.”

The screen prototypes are listed below first from the perspective of the GA user, then from the perspective of the SFA user. Listed also are miscellaneous screens to illustrate the navigator window, and prototype caution messages that will be displayed at certain points in the automated VFA process.

### **4.1 GA USER SCREENS**

Five screens will be developed to process the weekly, monthly, quarterly and annual VFA claims for the four GAs participating in the VFA program. One screen will be designed to handle all weekly processing, and a separate screen will be developed to process the monthly/quarterly/annual VFA fee claims for each of the four GAs.



### 4.1.1 GA VFA Weekly Report

The weekly claims form will have the same format for the three GAs submitting claims on a weekly basis: ASA, Great Lakes and Texas.

According to the VFA business rules, there will be seven claims details fields that are user-entered and one summation field that is system-calculated and write-protected. The “Submit” button will be available for the GA user to submit the claims on a weekly basis to SFA.

Item No	Category Detail	Amount Due To/(From) Guarantor	Details
SR-1	Claims Paid	.00	
SR-1.A	Defaults Net		0.00
SR-1.B	Exempt/Lender of Last Resort		0.00
SR-1.C	Death/Disability		0.00
SR-1.D	Closed School/False Certificat		0.00
SR-1.E	Bankruptcy		0.00
SR-1.F	Unpaid Refunds		0.00
SR-1.G	Discharges		0.00

GA VFA Weekly Report





### 4.1.2 GA VFA MONTHLY/QUARTERLY/ANNUAL REPORTS

In order to uniquely identify the item numbers on the reports for accounting purposes, they will be prefixed with the GA code when they are stored in the database. For readability purposes, however, the item numbers displayed on the reports will not include the GA code.

For example, ASA's Net Fee Due GA will be stored with item number 725-SR-2 in the database. However, the "Item No." field displayed for the Net Fee Due GA on ASA's GA VFA Monthly/Quarterly/Annual Fee Report shown below will only contain "SR-2."

#### 4.1.2.1 ASA

ASA submits monthly claims according to the business rules in its VFA. The following prototype screen is based on the current screens available in SFA FMS but is customized to include the required fields for ASA's monthly VFA claims processing.

There are three user-entered detail fields: Portfolio Wellness Fee, LPIF, and Consolidation Fee for Averting Default. The Net Fee Due GA will be system-calculated based on the detail fields.

The "Submit" button will be available for the GA user to submit the fees on a monthly basis to SFA.

The screenshot shows a web-based form titled "SFA GA VFA Monthly/Quarterly/Annual Fee Report". The form includes a menu bar with "Action", "Edit", "Query", "Go", "Folder", "Special", and "Help". Below the menu bar, there are input fields for "GA Code" (725), "Status" (New), "Source" (Form), and "For Fiscal Month of" (12 / 2000). The "GA Name" field is filled with "ASA". There are also fields for "ED Comments" and "GA Comments". Below these fields is a table with four columns: "Item No", "Category Detail", "Amount DueTo/(From) Guarantor", and "Details". The table contains four rows of data. The first row shows "SR-2" for "Net Fee Due GA" with an amount of "0.00". The next three rows show "SR-2-A" for "Portfolio Wellness Fee", "SR-2-B" for "LPIF", and "SR-2-C" for "Consolidation Fee for Averting Default", each with an amount of "0.00". A "Submit" button is located at the bottom right of the form.

Item No	Category Detail	Amount DueTo/(From) Guarantor	Details
SR-2	Net Fee Due GA	0.00	
SR-2-A	Portfolio Wellness Fee		0.00
SR-2-B	LPIF		0.00
SR-2-C	Consolidation Fee for Averting Default		0.00

ASA GA VFA Monthly/Quarterly/Annual Fee Report



## 4.1.2.2 CALIFORNIA

California submits annual claims according to the business rules in its VFA. The following prototype screen is based on the current screens available in SFA FMS but is customized to include the required fields for California's annual VFA claims processing.

There are two user-entered detail fields: Default Aversion Fee and Collection Recovery Rate Improvement Fee. The Net Fee Due GA will be system-calculated based on the detail fields.

The "Submit" button will be available for the GA user to submit the fees on an annual basis to SFA.

The screenshot shows a web-based form titled "SFA VFAGA Monthly/Quarterly/Annual Fee Report". The form includes a menu bar with "Action", "Edit", "Query", "Go", "Folder", "Speed", and "Help". Below the menu, there are input fields for "GA Code" (706), "Status" (New), "Source" (Form), and "Fiscal Year" (2000). The "GA Name" is set to "California". There are also fields for "ED Comments" and "GA Comments".

Item No	Category Detail	Amount DueTo/(From) Guarantor	Details
SR-4	Net Fee Due GA	0.00	
SR-4-A	Default Aversion Fee (DAF)		0.00
SR-4-B	Collection Recovery Rate Improv. Fee		0.00

A "Submit" button is located at the bottom right of the form.

California GA VFA Monthly/Quarterly/Annual Fee Report



## 4.1.2.3 GREAT LAKES

Great Lakes submits quarterly fees according to the business rules in its VFA. The following prototype screen is based on the current screens available in SFA FMS but is customized to include the required fields for Great Lakes' quarterly VFA fee processing.

There are three user-entered detail fields:

1. 'Performance Based Fee Due for the Quarter'.
2. 'Other Collection Revenues' is used to calculate 'Net Collection Costs' in the "Informational Purposes Only" section.
3. 'Less: Collection Costs' is also used to calculate 'Net Collection Costs'.

There are three system-calculated fields:

1. 'Net Collection Costs' is displayed in the "Informational Purposes Only" section.
2. 'Net Collection Costs' is also displayed in the detail section.
3. 'Net Fee Due GA' is system-calculated based on the detail fields.

There are two system-populated fields: 'Less: AMF' and 'Less: GA Retention'.

The "Submit" button will be available for the GA user to submit the fees on a quarterly basis to SFA.

The screenshot shows a web-based form titled "SFA GA VFA Monthly/Quarterly/Annual Fee Report". The form includes a menu bar with "Action", "Edit", "Query", "Go", "Folder", "Special", and "Help". Below the menu bar, there are input fields for "GA Code" (755), "Status" (New), "Source" (Form), and "For Fiscal Quarter of" (2 / 2000). The "GA Name" field is labeled "Great Lakes". There are also fields for "ED Comments" and "GA Comments".

Item No	Category Detail	Amount DueTo/(From) Guarantor	Details
SR-3	Net Fee Due GA	0.00	
SR-3-A	Perf Based Fee Due for Quarter		0.00
SR-3-B	Net Collection Costs		0.00
SR-3-C	Less: AMF		0.00
SR-3-D	Less: GA Retention		0.00
<b>For Informational Purposes Only</b>			
	Other Collection Revenues		0.00
	Less: Collection Costs		0.00
	Net Collection Costs		0.00

At the bottom right of the form is a "Submit" button.

Great Lakes GA VFA Monthly/Quarterly/Annual Fee Report



## 4.1.2.4 TEXAS

Texas submits monthly and annual fees according to the business rules in its VFA. The following prototype screen is based on the current screens available in SFA FMS but is customized to include the required fields for Texas' VFA fee processing.

In the monthly section, there are two user-entered detail fields: Delinquency Prevention Fee and Default Aversion Fee. Net Fee Due GA will be system-calculated based on the detail fields.

In the annual section, the Performance Adjustment (Net Back) will be a user-entered detail field, and Collections Fee will be a system-calculated summation field. Net Fee Due GA will be system-calculated based on the sum of the detail fields.

The "Submit" button will be available for the GA user to submit the fees on a monthly and annual basis to SFA.

The screenshot shows a web-based form titled "SFA GA VFA Monthly/Quarterly/Annual Fee Report". The form includes a menu bar with "Action", "Edit", "Query", "Go", "Folder", "Special", and "Help". Below the menu, there are input fields for "GA Code" (748), "Status" (New), "Source" (Form), and a checked "Annual" checkbox. The "For Fiscal Mon/Yr" is set to 12 / 2000. The "GA Name" is "Texas Guaranty Agency". There are also fields for "ED Comments" and "GA Comments".

Item No	Category Detail	Amount DueTo/(From) Guarantor	Details
<b>Non-Payment Activity</b>			
Agency Accruals			
<b>Monthly</b>			
SR-2	Net Fee Due GA	0.00	
SR-2-A	Delinquency Prevention Fee (DPF)		0.00
SR-2-B	Default Aversion Fee (DAF)		0.00
<b>Annual</b>			
SR-4	Collections Fee	0.00	
	Performance Adjustment (Net Back)		0.00

A "Submit" button is located at the bottom right of the form.

Texas GA VFA Monthly/Quarterly/Annual Fee Report



## 4.2 SFA USER SCREENS

One screen will be developed to allow SFA users to review the VFA reports submitted by the GAs participating in the VFA program. The screen will allow the SFA user to accept or reject the VFA reports submitted by the GAs, as well as enter any desired comments. The screen will display the report submitted by the GA user in read-only format. If the report is rejected, the 'ED Comments' field will be write-enabled, allowing the SFA user to explain why the report was rejected to the GA.

Item No	Category Detail	Amount Due To/(From) Guarantor	Details
SR-1	Claims Paid	.00	
SR-1-A	Defaults Net		0.00
SR-1-B	Exempt/Lender of Last Resort		0.00
SR-1-C	Death/Disability		0.00
SR-1-D	Closed School/False Certificat		0.00
SR-1-E	Bankruptcy		0.00
SR-1-F	Unpaid Refunds		0.00
SR-1-G	Discharges		0.00

SFA User Review Screen (Containing Submitted ASA GA VFA Weekly Report)

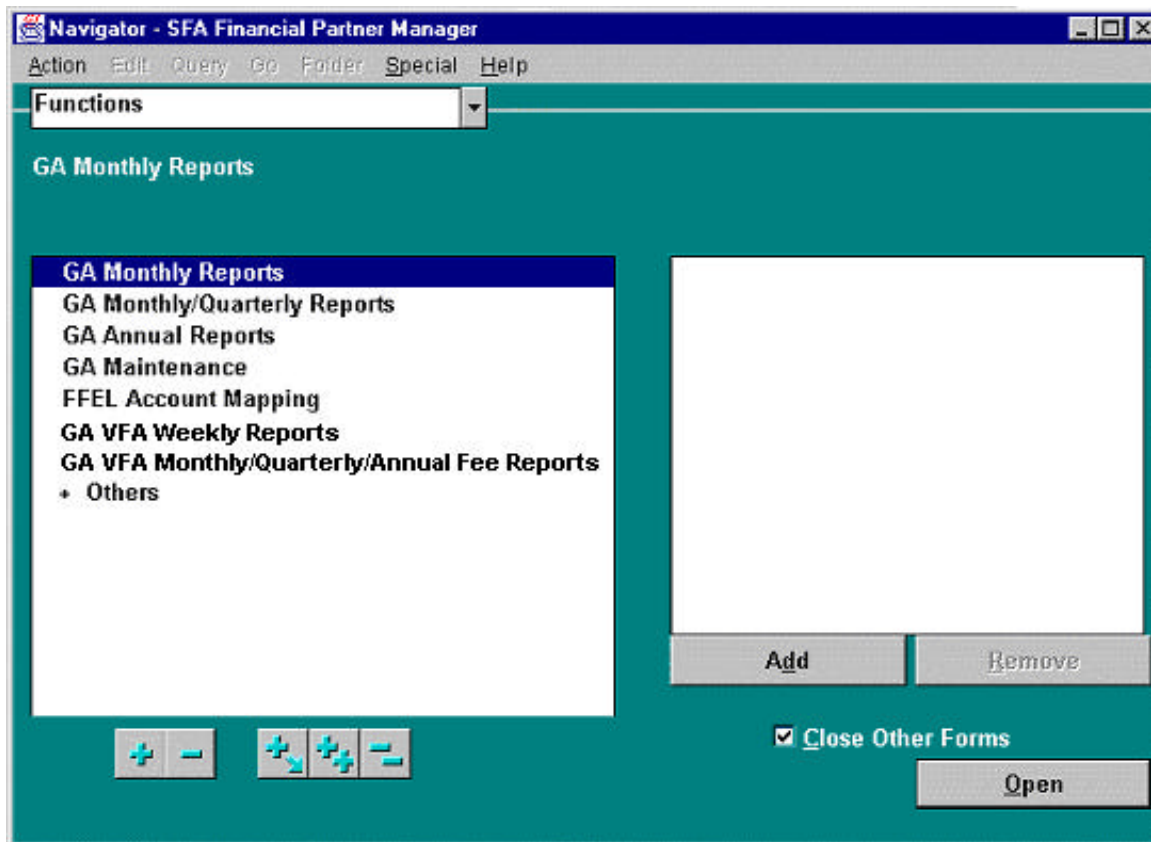


### 4.3 OTHER SCREENS

This section lists other screens that will be used in the automated VFA process. The following prototype screens include the required fields for VFA claims processing.

#### 4.3.1 Navigator Window

The navigator window will be similar to the existing SFA FMS navigator window, with the addition of new menu choices for 'GA VFA Weekly Reports' and 'GA VFA Monthly/Quarterly/Annual Reports'. The example below shows the navigator window for a user with an SFA Financial Partner Manager role:



These new menu choices will only be displayed for GA users with one of the new VFA-related roles that will be created for the automated VFA process: SFA GA VFA User or SFA GA VFA Manager. GA users with an SFA GA User or SFA GA Manager role will not see the new VFA reports when they display the Navigator Window. The new menu choices will be displayed to SFA users.





### 4.3.2 Caution Messages

This section lists prototype Caution messages that will be developed for the automated VFA process. The following prototype screens are based on current SFA FMS screens but have been customized to include the required messages for VFA claims processing.

#### 4.3.2.1 Form 2000 Monthly Report GA Submission

When a GA User participating in the VFA program attempts to submit a Form 2000 Monthly Report, the system will display a Caution message. The message will indicate the number of GA VFA Weekly Reports that have been submitted in the month. It will inform the GA user that, once the Form 2000 Monthly Report has been submitted, no additional GA VFA Weekly Reports can be submitted for the month:



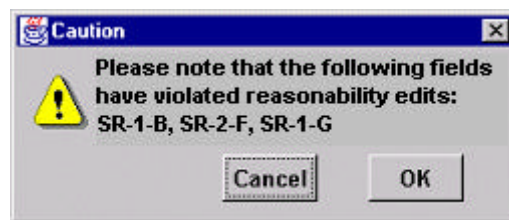
#### 4.3.2.2 Form 2000 Monthly Report SFA Acceptance

When an SFA user reviews a submitted Form 2000 Monthly Report, the system will display a Caution message. The message will indicate the number of GA VFA Weekly Reports that have been submitted in the month by a particular GA.



#### 4.3.2.3 Reasonability Edit Failure

If any fields fail reasonability edits, a caution message will be displayed indicating which fields are in question:



### 4.3.3 GA Maintenance Screen

The GA Maintenance Screen contains historical information such as important dates related to agreements between the Department and the GA. In addition, the screen indicates whether the GA will submit its GA Monthly/Quarterly Reports on a monthly or quarterly basis.

For this task, the GA Maintenance screen will need to be updated to indicate whether a GA is participating in the VFA program. It should also indicate whether the GA will be submitting GA VFA Weekly Reports, as well as the frequency at which the GA will submit its GA VFA Monthly/Quarterly/Annual Fee Reports, since this frequency varies by GA. The current GA Maintenance screen is shown below:

The screenshot shows a window titled "SFA GA MAINTENANCE" with a menu bar (Action, Edit, Query, Go, Folder, Special, Help). The form contains the following fields and sections:

- GA Code: 235
- GA Name: GA INSTITUTION NAME 235
- Expected Quarterly Report Submission:
  - ☒ Quarterly
  - ☐ Monthly
- GA Date Maintenance:

Basic Agreement Date	25-OCT-1985
Rehabilitation Agreement Date	24-JUN-1993
Plus Agreement Date	25-OCT-1985
IRS Agreement Date	
SLS Agreement Date	
Eligibility PFY Agreement Date	
Garnishment Agreement Date	22-APR-1993
Repurchase Agreement Date	12-MAR-1990
Reinsurance Agreement Date	
Supplemental Reinsurance Agreement Date	25-OCT-1985





## 5 REPORT DESIGNS

### 5.1 SFA FFEL GA STATEMENT OF ACCOUNT DETAIL REPORT

The SFA FFEL GA Statement of Account Detail Report currently reflects payments that are made to GAs based on their monthly invoices entered via Form 2000. This report will be updated to also reflect the weekly payments that are being made to the GAs participating in the VFA program (Note: California does not receive weekly payments according to its VFA, so its Statement of Account will be unaffected). This report will only need to be updated for GAs participating in the VFA program.

The Statement of Account is currently generated once per month per GA. For GAs with weekly VFA payments, the Statement of Account will need to be generated weekly. Since the report is requested for a particular GA Code, Fiscal Year, and Fiscal Month, the report will reflect all weekly payments made via the GA VFA Weekly Report to the specified GA for the specified month.

The Statement of Account will be run from the Standard Report Submission form, with the following required input parameters:

1. GA
2. Month.

An example of the current Statement of Account is shown below:

Report: request ID - 2351

Action Edit Query Go Folder Special Help

Page 1 Font Size 10

Department of Education - Student Financial Assistance  
Statement of Account FFELP

Ga Code 239 For the Month of: 9 /2000 Produced Date: 10/27/00

Category	Requested Amount Due To/From Guarantor
Loans In Repayment	\$ .00
5% Trigger (In Repayment)	\$ .00
9% Trigger (In Repayment)	\$ .00
Amount Requested Fiscal Year To Date	\$ 3,809,462.42
Dollars Paid Fiscal Year to Date	\$ 7,278,813.22
Rehabilitated Loans Applied	\$ 547,378.88
Refunds Applied	\$ 112,379.20
Trigger Basis Amount	\$ 6,619,055.14
Percent of Request Paid	\$ 191.07
Trigger Rate	\$ .00
Beginning Balance	\$ .00
Outstanding Balance Interest	\$ .00
Claims Paid Amount (All Claim Categories)	\$ 4,131,706.06
Borrower Payment Returns	\$ 88.10

Go To... < First < Previous Next > Last >|



## 5.2 SFA GA VFA ACCOUNT MAPPING REPORT

A new SFA GA VFA Account Mapping Report will be developed. It will provide SFA with the capability to view account-mapping information related to the GA VFA Weekly Report and the GA VFA Monthly/Quarterly/Annual Fee Report that was effective at a specified time for a specified GA.

This report will be based on the existing SFA GA Form 2000 Account Mapping Report. However, the new report will provide account-mapping information only for the fields on the new VFA Reports. The reported information will be by item number for a specified effective date range and GA. The report will contain the following information:

1. GA Code
2. GA Name
3. From Effective Date
4. To Effective Date
5. Item Number
6. Fund
7. Limitation
8. Activity
9. Fiscal Year
10. Budget Year
11. Account
12. Cohort Year
13. CFDA Limitation
14. Organization
15. Object Class
16. Source Code
17. Cost Code
18. Institution
19. Loan / Grant Type
20. Debit Accounts
21. Credit Accounts.

The SFA GA VFA Account Mapping Report will be run from the Standard Report Submission form with the following optional input parameters:

1. From Effective Date
2. To Effective Date
3. GA Code
4. GA Name.

The current SFA GA Form 2000 Account Mapping Report is shown on the following page:



Department of Education – Student Financial Assistance  
Program ID:

Date: 10-Jun-00  
Page: 1

## FORM 2000 ACCOUNT MAPPING REPORT

Effective Date: From Jan-01-2000 To May-01-2000

Item Number	Fund Credit	Limitation	Activity	Fiscal Year	Budget Year	Cohort Account Year	CDFA Limitation Org	Object Class	Source Code	Cost Code	Institution	Loan Grant Type	Destination Code	Transaction	Debit
MR1-A-P	200M2			01	99	002110 99	EN	4110L					AP	MR1_A_P_TC01 461001 135001	490200 135901
MR1-B-P	200M2			00	99	002120 00	EN	4110L					AP	MR1_B_P_TC01 461002 135101 448200	490201 135091 448902
MR1-C-P	200M2			01	00	002120 00	EN	4110L					GL	MR1_C_P_TC01 ...	...



## 6 TECHNICAL DESIGN

### 6.1 SYSTEM INTERFACES

#### **6.1.1 *Postsecondary Education Participants System (PEPS)***

##### 6.1.1.1 System Description

PEPS collects and tracks data on school participation in Title IV programs, including institutional eligibility, certification, program participation, program reviews, adverse actions, closed schools, and cohort default rate functions. The system supports institutional reviewers and acts as the primary data source for school information and their associated school codes for all Department systems. PEPS contains participation information for approximately 12,000 postsecondary institutions; 28,000 lenders; and 50 GAs.

##### 6.1.1.2 Interface Requirements

There will be no interface with PEPS. PEPS may need to be modified in order to identify the GAs that are participating in the VFA program, but this change is outside the scope of this task.

#### **6.1.2 *National Student Loan Data System (NSLDS)***

##### 6.1.2.1 System Description

NSLDS is a national database of loan/grant level data awarded to students under Title IV. NSLDS was developed to provide a centralized and integrated view of Title IV loans and grants throughout all stages of their lifecycle, from aid approval through disbursement, repayment, delinquency, and closure. The overall purpose of NSLDS is to support the Department in a variety of operational and research functions aimed at improving the administration and delivery of student aid and the efficiency of the Title IV aid programs.

##### 6.1.2.2 Interface Requirements

There will be no changes to the current NSLDS to SFA FMS interface.

#### **6.1.3 *SFA FMS***

##### 6.1.3.1 System Description

SFA FMS provides an integrated, Web-enabled system to manage the flow of financial information across all of SFA's information systems. It provides the ability to report information and statistics across SFA's programs, consolidate redundant processes, and report on SFA grant, loan, and operational activity. GAs began using SFA FMS to submit monthly reports to the FFEL program in November 2000.

##### 6.1.3.2 Interface Requirements

The system will use data from SFA FMS to populate entry fields on the GA VFA Monthly/Quarterly/Annual Fee Reports and to provide input for reasonability edits. See Section 2,



“Business and Accounting Rules,” for details on the data that will be used from SFA FMS. Data exchanged in the interface between the VFA reports and SFA FMS AP/GL will be modified to support the automated VFA process.

## 6.2 TECHNICAL ARCHITECTURE

### **6.2.1 Overview**

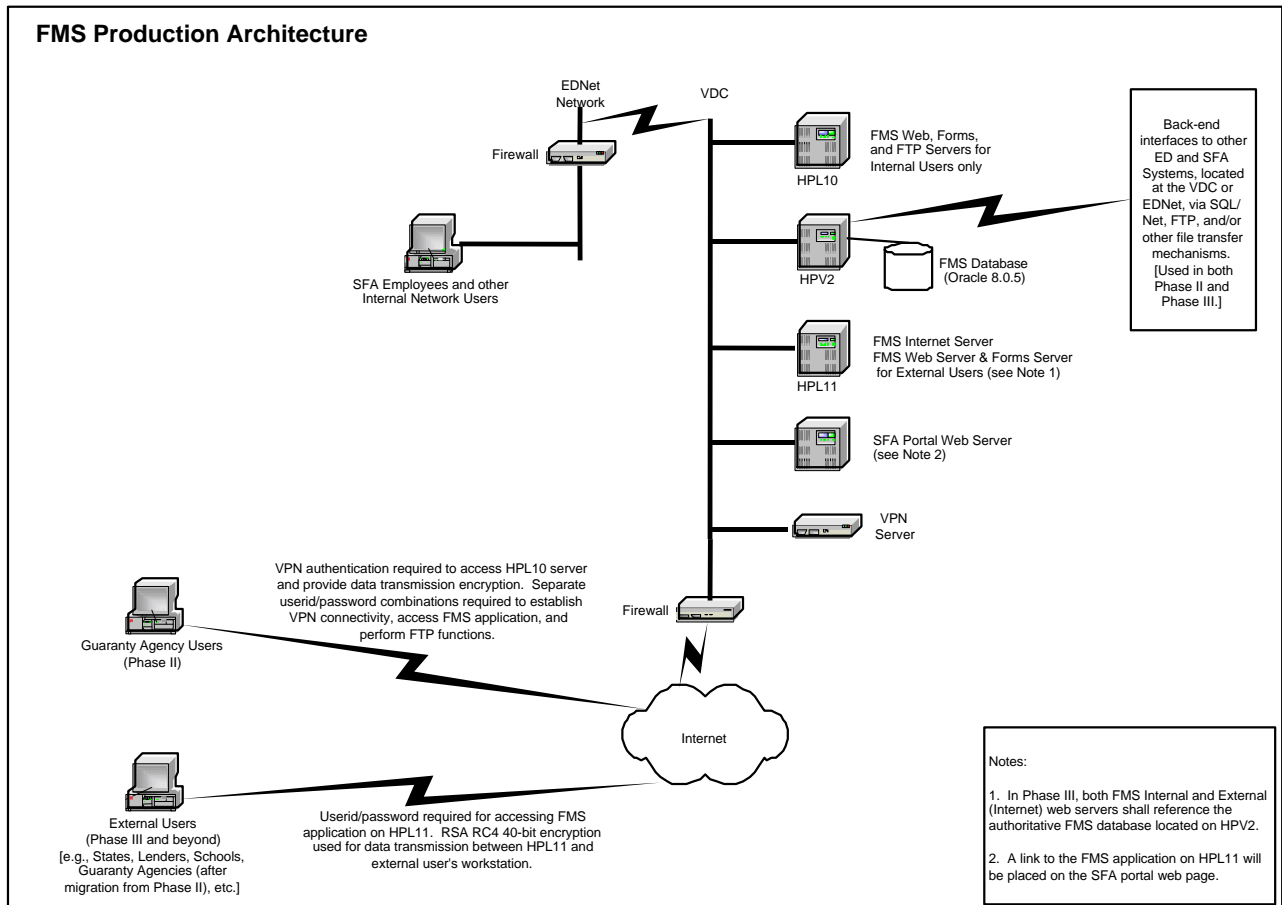
The current SFA FMS architecture allows GAs to submit monthly, quarterly, and annual reports to the Department via Web-accessible, Java-based screens or files transferred via FTP. The functionality required to support the automated VFA process will be supported by the SFA FMS Phase III architecture.

This architecture will support the weekly submissions that will be required for GA VFA Weekly Reports. However, FTP will not be supported for GA VFA Weekly Reports or GA VFA Monthly/Quarterly/Annual Fee Reports. GA users will be able to submit the new VFA reports required by this task only via the Web.

GA users will access the VFA reports via HPL11, the second Oracle web/form server that is being installed for external user processing as part of SFA FMS Phase III. This external web/form server will contain only those processes, forms, and functions that are needed by the external user community. This external Oracle web/form server will not contain any functions limited to internal users only (for example, accepting invoices, authorizing payments, etc.). Accordingly, unauthorized access to SFA FMS data from the Web is restricted to only the data normally available to external users.

GA users will be able to connect to HPL11 directly, without first having to connect to the VPN server. GA users will be able to access the VFA forms from anywhere via the Web, regardless of the GA's private IP configuration or use of proxy servers. The architecture used to support the automated VFA process is shown on the following page:





GA users will be able to access the VFA reports through hyperlinks to SFA FMS that will be placed on the SFA channel home pages. Additionally, they can access SFA FMS at <http://fms.sfa.ed.gov> using a Web browser.

SFA users will access the VFA reports via HPL10. The functionality to accept or reject a submitted form will be available only through HPL10. This functionality will be unavailable to GA users.

### 6.2.2 Security

Security for the automated VFA process will be provided by Oracle Financials' COTS security functions, as it is for all other custom extensions and interfaces to SFA FMS. All custom extensions and interfaces rely on SFA FMS' built-in COTS security authentication and validation technology. No custom Oracle security packages, procedures, or programs will be developed. The SFA FMS architecture complies with SFA security rules based on federal government security policies and regulations and has been coordinated with SFA security representatives.



Intrusion detection software (Tripwire) will also be loaded on HPL11, in accordance with SFA CIO security standards. HPL11 will be storing data in the SFA FMS database located on HPV2, which will require opening the data transmission ports between HPL11 and HPV2.

### 6.3 TECHNICAL INFRASTRUCTURE

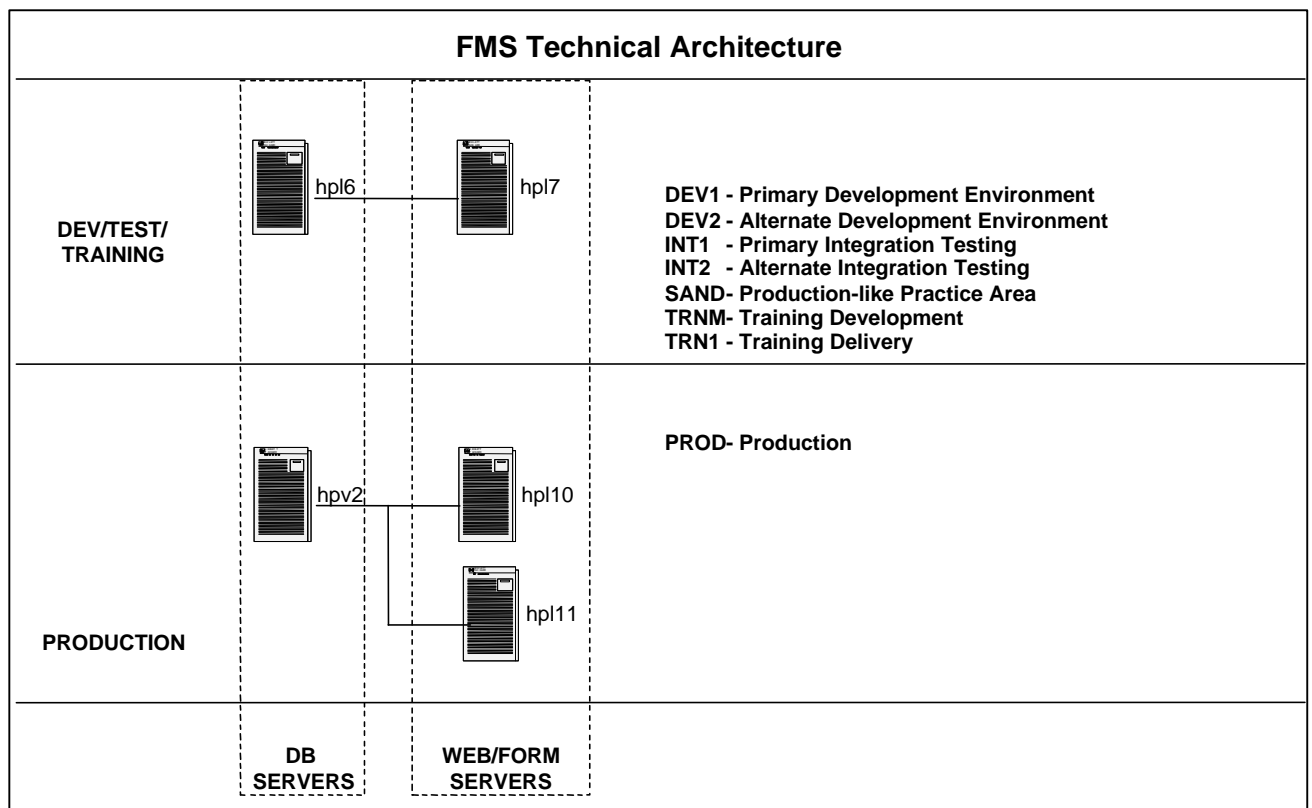
#### 6.3.1 Overview

Software will be developed using version 4.5.10 of Oracle Forms and version 8.0.5 of the Oracle database. Interfaces will be developed using PL/SQL. Rational TestManager 2001 will be used during testing.

Using Oracle Forms requires Oracle's J-Initiator plug-in to be installed on client workstations. When a GA user first logs into SFA FMS, the application will automatically detect the need for the J-Initiator plug-in and prompt the user through the completion of the installation process.

#### 6.3.2 Environments

Development for the automated VFA process will be conducted in the DEV1 environment. Integration testing will then be conducted in the INT1 environment. The database instances available for SFA FMS development and production are shown below:



### 6.3.3 Roles

New user roles will be created for SFA GA VFA Users and SFA GA VFA Managers.

The SFA GA VFA User role will allow the user to view, create, edit, and save GA VFA Weekly Reports and GA VFA Monthly/Quarterly/Annual Fee Reports. The SFA GA VFA Manager role will allow the manager to also submit GA VFA Weekly Reports and GA VFA Monthly/Quarterly/Annual Fee Reports to SFA.

### 6.3.4 Oracle Software Inventory

The Oracle software components that will support the automated VFA process are shown below:

Component	Version Information <sup>1</sup>	Installation Tier
<b>Operating System</b>	HP-UX Version 11.0 64-bit	Data and Application Server
<b>Compilers for HP-UX</b>	C/C++	Data Server
<b>Oracle Applications</b> <ul style="list-style-type: none"> <li>• Oracle General Ledger</li> <li>• Oracle Payables</li> <li>• Oracle Receivable</li> <li>• Oracle Assets</li> </ul>	Release 11.0.3	Application Server
<b>Oracle Public Sector Applications</b> <ul style="list-style-type: none"> <li>• Oracle Public Sector General Ledger</li> <li>• Oracle Public Sector Payables</li> <li>• Oracle Public Sector Receivables</li> </ul>	Version 3.3 for Release 11.0.3 of Oracle Applications	Application Server
<b>Oracle U.S. Federal Financials</b> <ul style="list-style-type: none"> <li>• Oracle U.S. Federal General Ledger</li> <li>• Oracle U.S. Federal Payables</li> <li>• Oracle U.S. Federal Receivables</li> </ul>	Version 3.3 for Release 11.0.3 of Oracle Applications	Application Server
<b>Tutor</b>	Version 11.0	Client
<b>Oracle RDBMS (Database)</b>	Version 8.0.5	Data Server
<b>Oracle Developer Server 2000</b> <ul style="list-style-type: none"> <li>• Oracle Forms</li> <li>• Oracle Reports</li> </ul>	Version 1.6.1 Version 4.5.10 Version 2.5.7	Client
<b>Oracle Web/Application Server</b>	Version 3.0.2	Application Server (Standard Export Edition)
<b>Oracle Discoverer</b>	Version 3.1.36	Database Server and Client
<b>Java-Enabled Browser<sup>2</sup></b>	Depends on Browser	Client
<b>Oracle Applications Desktop Integrator</b>	Version 6	Client

<sup>1</sup> These version numbers represent the software versions that are available and compatible at March 8, 2000.

<sup>2</sup> Either Microsoft Internet Explorer or Netscape can be used.





## **7 IMPACTS**

### **7.1 CHANGES TO CURRENT PROCEDURES**

#### **7.1.1 Workflow Changes**

The GAs participating in the VFA program will submit new GA VFA Weekly Reports and GA VFA Monthly/Quarterly/Annual Fee Reports online via SFA FMS, according to the frequency specified in their particular VFA. They will continue to submit Form 2000, with the changes described in the following section. There will be no impact to GA users who are not participating in the VFA program.

##### **7.1.1.1 Form 2000 Submission (For VFA Participants Only)**

When a GA user submits a Form 2000 Monthly Report, the system will display a new Caution message indicating that, once the Form 2000 has been submitted, no additional GA VFA Weekly Reports can be submitted for the same month. This message will encourage the GA to submit all GA VFA Weekly Reports required for a month before submitting Form 2000, so that the Miscellaneous Statement of Account generated will reflect all weekly payments that need to be made to the GA for the month.

##### **7.1.1.2 Form 2000 Acceptance (For VFA Participants Only)**

When an SFA user accepts a Form 2000 Monthly Report for a GA participating in the VFA program for a particular month, the system will display a new Caution message indicating the number of GA VFA Weekly Reports that have been submitted by the GA for the same month. This message will help SFA Financial Management determine whether the GA has submitted the expected number of GA VFA Weekly Reports for the month.

#### **7.1.2 E-Mail Notification Changes**

The e-mail notifications currently sent to GA and Department users for Form 2000 processing will remain unchanged. However, new e-mail notifications will be generated for processing of GA VFA Weekly Reports and GA VFA Monthly/Quarterly/Annual Fee Reports. These e-mail notifications will be sent at the same steps in the process as currently sent for Form 2000:

1. Form submission by the GA
2. Form rejection by SFA Financial Management (if applicable)
3. Availability of the Statement of Account (weekly, for GAs submitting GA VFA Weekly Reports).

Currently, the Statement of Account is generated monthly, after SFA Financial Management accepts Form 2000. For GAs that submit a GA VFA Weekly Report, the system will be updated to generate the Statement of Account on a weekly basis. Consequently, the e-mail notification that the Statement of Account is available will also be generated weekly.

#### **7.1.3 Interface Changes**

There are no interface changes required for the implementation of this task. See Section 6.1, "System Interfaces," for details on data from existing interfaces that will be used when processing the VFA reports.



**7.1.4 Documentation Changes**

The following documents will be created:

1. VFA Operational Support Test Plan
2. VFA Operational Support Implementation Plan
3. SFA User Guide for VFA Reports
4. GA User Guide for VFA Reports.
5. Production Readiness Review (PRR) Checklist.

**7.2 BUSINESS AREAS**

The following sections list the impacts on the business areas that will be affected by the automated VFA process.

**7.2.1 Financial Partners**

There are several areas of impact involving members of the Financial Partners channel. First, the current process of manually transferring weekly VFA claims data from faxes or Excel files to SFA FMS will be eliminated. Also, the capability to make weekly VFA claims payments will be added. The current system of communicating the status of payment processing in FMS will be applied between SFA and the GAs for the VFA payments. VFA-related reports will also be available.

**7.2.2 GAs**

The GAs participating in the VFA program will submit new GA VFA Weekly Reports and GA VFA Monthly/Quarterly/Annual Fee Reports, according to the frequency specified in their particular VFA, online via SFA FMS. They will continue to submit Form 2000 according to their current process, but with the changes identified in Section 7.1.2, "Form 2000 Changes."

**7.2.3 CFO**

There are four areas of noteworthy impact involving CFO Accounting.

1. As of October 1, 2001, CFO Accounting will not use transaction codes or project codes. Consequently, they are not specified in the accounting rules related to the VFA reports in Appendix B, "VFA Field Accounting Rules."
2. Certain accounting codes will be added to accommodate the various fee components for weekly, monthly, quarterly and annual payments. See Appendix B, "VFA Field Accounting Rules."
3. CFO Accounting will develop a method to track the inserting of memo items to the General Ledger. This will be employed in the recording of Great Lakes' quarterly 'Other Collection Revenues' and 'Less: Net Collection Costs' fields.
4. In order to automate the accounting involved with recording the collection of the AMF portion of certain fees, a split accounting model will be implemented. For Great Lakes, this affects the AMF portion of the Performance Based Fee. For ASA, this affects the Portfolio Wellness Fee and the Consolidation Fee for Averting Default.



**7.2.4 SFA FMS**

New forms will be developed for the GA VFA Weekly Report and the various GA VFA Monthly/Quarterly/Annual Fee Reports. New user roles will be created for VFA users and managers.

**APPENDICES**

**See the “Appendices” attachment for the following:**

**A REQUIREMENTS MATRIX**

A.1 VFA REQUIREMENTS FOR GA USERS

A.2 VFA REQUIREMENTS FOR SFA USERS

**B VFA FIELD ACCOUNTING RULES****C VFA DATA FIELD DEFINITIONS**